



YANKEE ATOMIC ELECTRIC COMPANY
49 Yankee Road, Rowe, Massachusetts 01367

March 15, 2011
BYR 2011-010
Docket No. 50-029
Re: 10 CFR 50.75

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555

Reference: (a) License No. DPR-3 (Docket No. 50-029)
(b) Letter: A. C. Kadak to USNRC; Permanent Cessation of Power Operations at the Yankee Nuclear Power Station, BYR-92-024, dated February 26, 1992
(c) Letter: USNRC to Yankee Atomic Power Company; Yankee Nuclear Power Station - Release of Land from Part 50 License, dated August 10, 2007
(d) USNRC Regulatory Issue Summary (RIS) 2001-07, REV 1

Subject: Decommissioning Funding Assurance Status Report – 10CFR 50.75

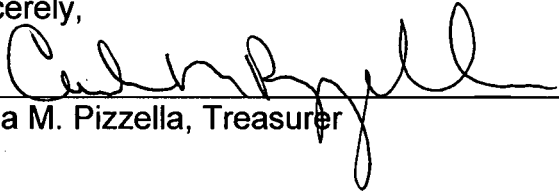
Gentlemen:

In reference (b) Yankee Atomic Electric Company (YAEC) informed the USNRC that the Board of Directors of YAEC had decided to permanently cease operations at the Yankee Rowe Plant and that fuel had been permanently removed from the reactor. In accordance with 10CFR 50.82 the certifications in the letter modified the YAEC license to permanently withdraw YAEC's authority to operate the reactor. In 1993, YAEC commenced decommissioning the power plant. In Reference (c), the NRC amended the YAEC license, releasing most of the formerly licensed land for unrestricted use, shrinking the licensed land to the ISFSI only. Presently, YAEC is storing spent nuclear fuel and other high level waste on site until it is assumed to be removed by the DOE in 2020, through the final decommissioning of the Independent Fuel Storage Installation (ISFSI) in 2022.

In accordance with the requirements of 10 CFR 50.75, direction provided by the NRC staff on March 5, 2008 and recent RIS 2001-07, Rev 1 regulatory clarification, YEAC hereby, submits its report on the status of decommissioning funding for the year ending December 31, 2010. Attachment 1 provides the requested information.

If you should have any questions, please contact me at (860) 267-6426 x304.

Sincerely,



Carla M. Pizzella, Treasurer

3-15-11
Date

FSME20

Attachment 1 – “NRC Decommissioning Funding Status Report”

cc: J. Joustra, Chief, Decommissioning Branch, Region I
W. Dean, NRC Regional Administrator, Region 1
J. Goshen, NRC Project Manager, Yankee Rowe Plant

Attachment 1

NRC Decommissioning Funding
Status Report

March 2011

Attachment 1

NRC Decommissioning Funding Status Report

Yankee Atomic – Yankee Rowe Plant

(Status as of 12/31/10)

1. The amount of decommissioning funds estimated to be required pursuant to 10 CFR 50.75 (b) and (c)	\$95.6 million ⁽¹⁾
2. The amount accumulated at the end of the calendar year preceding the date of the report for items included in 10 CFR 50.75 (b) and (c)	\$49.3 million ⁽²⁾
3. Schedule of the annual amounts remaining to be collected including amounts beyond those required in 10 CFR 50.75 (e)(1)(i)	\$11.8 million ⁽³⁾
# Years to collect	4 years

⁽¹⁾ Since the original power plant has been decommissioned and the license amended, the only remaining decommissioning as defined by the NRC in 10 CFR 50.75 is decontamination and dismantlement of the ISFSI once the fuel is removed. The Site-Specific Cost Estimate for future costs beyond 2010 is \$95.6 million (in 2010 dollars) and includes the current estimate for spent fuel management costs, i.e. Long-term ISFSI operations through 2022 (\$85.6 million) and D&D of the ISFSI (\$10.0 million).

⁽²⁾ This accrued market value balance includes amounts in the Decommissioning Trust for all decommissioning costs including site restoration and long-term spent fuel storage as well as decommissioning as defined in 10 CFR 50.75. Since the original power plant has been decommissioned and the license amended, the only remaining decommissioning is decontamination and dismantlement of the ISFSI (estimated at \$10.0 million of the current market value balance) once the fuel is removed.

⁽³⁾ YAEC revised its annual decommissioning collections rates effective February 1, 2006 continuing through 2014, based on the Settlement Agreement filed at FERC on May 1, 2006 and accepted on July 31, 2006. On October 13, 2010, Yankee submitted its decommissioning cost estimate and schedule of decommissioning charges, ("2010 Rate Filing"), as it had committed to do in the 2006 Settlement. The 2010 Rate Filing demonstrated that, after escalating costs to 2010 dollars and adjusting for the fact that the costs of the first part of the waste storage included in the 2006 Estimate have already been incurred, the 2006 Estimate remains a reasonable projection of costs upon which the Company may rely in calculating the rates necessary to fund the NDT. The 2010 Rate Filing noted ongoing uncertainties regarding prospective damage awards obtained from litigation with the Department of Energy ("DOE"), offsets to Yankee's funding needs, the DOE's commitment to remove Yankee's nuclear waste, and the timing of these key events. In light of these unknowns, along with the fact that the 2006 Settlement committed Yankee to file another update of decommissioning costs and charges by 2014, Yankee proposed to maintain its current level of collections. On December 30, 2010, FERC issued an order accepting the 2010 Rate Filing and found that the 2010 Rate Filing completed Yankee's obligations under the 2006 Settlement, and granted Yankee's requested effective date of January 1, 2011.

Attachment 1

NRC Decommissioning Funding Status Report

Yankee Atomic – Yankee Rowe Plant
(Status as of 12/31/10)

4. *The assumptions used regarding escalation of the decommissioning cost estimate, rates of earnings on decommissioning funds, and rates of other factors used in funding projections are:*

<i>Annual escalation rate</i>	2.5%
<i>Annual after-tax earnings rate on decommissioning trust funds:</i>	4.4%
<i>Other factors assumed</i>	None

5. *Any contracts upon which the licensee is relying pursuant to 10 CFR 50.75(e)(1)(ii)(A)*

YAEC is currently collecting funds through its power contracts and amendatory agreements under FERC regulation. The power contracts and the amendatory agreements specify the obligations of the purchasers for the costs of YAEC, including decommissioning costs. Such contracts have been filed with FERC.

6. *Any modifications to a licensee's current method of providing financial assurance occurring since the last submitted report.* None

7. *Any material changes to trust agreements.* None

As noted in the Decommissioning Funding Assurance Status Report dated March 9, 2010, effective January 1, 2010, YAEC changed its Nuclear Decommissioning Fund Trustee from Bank of New York Mellon to Bank of America. Although the Trustee changed, there were no material changes to the trust agreements.